

INFORMATION REPORT INFORMATION REPORT

CENTRAL INTELLIGENCE AGENCY

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COUNTRY Bulgaria

REPORT

SUBJECT Financial Irregularities in
Government and Industry

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This is UNEVALUATED Information

SOURCE EVALUATIONS ARE DEFINITIVE. APPRAISAL OF CONTENT IS TENTATIVE.

1. The Treasury Department of the Ministry of Finance employs 165 inspectors, organized in teams of four, to visit government institutions and industrial plants to check their balance sheets and cash and expenditure records. Only 14 of these inspectors are not party members. 25X1
2. During 1953 the inspectors found a total deficit of 161 million leva in government enterprises. In 1954 the provisional deficit was 126 million leva, but this will not be the final figure. The deficits result from theft or irregularities in bookkeeping, not from commercial losses.
3. The Government grants subsidies (Dotatsiya) to cover the deficits of certain enterprises, and these subsidies are listed in the official secret gazette. When the inspector visits a plant receiving a subsidy, he is shown the secret notice and must give it due consideration in his auditing of the records. The subsidies appear in the books as income for supplementing the production plan.
4. The balance sheets of most factories show large losses. The losses at the Voroshilov factory in 1953 totalled 2,300,000 leva, and the porcelain works at Kazanluk showed a loss of 600,000 leva for the same period. The bus and streetcar factory in the Krasno Selo quarter of Sofia showed a loss of 800,000 leva for 1954.
5. The 1954 budget of Sofia municipality provided 87 million leva for the health section, primarily for the upkeep of hospitals and kindergartens. Seven percent of this total went into the pockets of various officials.
6. At the beginning of September 1954 the Party and Council of Ministers drew up the regulations concerning dismissals from government offices and enterprises and notified all personnel departments of the new rules. By August 1955 the following reductions in force are to be completed:
 - a. 20 percent in the Promishleni Predpriyatia (small and medium production

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enterprises under municipal institutions and not connected with heavy industry));

- b. 15 to 25 percent in government offices; and
- c. 25 to 30 percent in municipal offices.

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